



## APPRAISAL BULLETIN

Volume XXIV

© by ROY WENZLICK & CO., 1955

Number 46

*Real Estate Economists, Appraisers and Counselors*

### DECENTRALIZATION IN RETAIL TRADE

A great deal of concern is being expressed nowadays over the problem of decentralization. The drift of residential use away from the built-up sections of the city to the suburbs has been a continuous phenomenon, proceeding as rapidly as improvements in transportation would allow. The movement of commercial use, on the other hand, to the outlying districts is, for the most part, a post-World War II development. While each merchant's pocket-book tells him the decentralization story, it would be of considerable value to appraisers, mortgage lenders, investors and others to know how great the flight of the retail dollar to the suburbs has been. Precious little concrete data is available as to just what is happening.

Some light should be thrown on this problem by the 1954 Census of Business now being compiled by the Bureau of the Census. It is its announced intention to present for the first time a breakdown of sales information comparing the central business district with the remainder of the metropolitan area for a number of the standard metropolitan districts. Dallas, Texas, as a pilot city, was surveyed in this fashion in 1953. The statistics resulting from this survey make interesting reading and provide an insight into the matter of commercial decentralization.

A summary table has been prepared giving the pertinent facts on the Dallas survey. This table as printed on the following page compares the information for the dollar volume of sales and number of stores for 11 basic retail groupings. In all but two of these groupings figures are shown for 1948 as well as for 1953. The comparison of these two years provides a rather accurate analysis of what has taken place during the postwar real estate boom.

Perhaps the greatest value of this material lies in an analysis of the dollar volume figures. Retail sales in 1948 in the Dallas Metropolitan Area (Dallas County) amounted to approximately \$650 million. This had jumped 43% by 1953, when the gross volume of all retail sales was indicated to be \$925 million. However, sales in the downtown district in this same period increased by only 1%, while total sales outside the downtown district had increased 57%. This means that where formerly 26.2% of the gross retail volume done by all retail stores in the Dallas area was handled in the downtown district, by 1953 only 18.4% of these expenditures were being made "downtown."

## RETAIL TRADE IN DALLAS, TEXAS

THE DOWNTOWN DISTRICT COMPARED WITH ENTIRE METROPOLITAN AREA IN 1948 AND 1953

	Number of Establishments			Sales - Thousands of Dollars			Downtown dist. sales as % of metropolitan area total	Average Sales per Store		
	Dallas County	Dallas downtown dist.	Outside downtown dist.	Dallas County	Dallas downtown dist.	Outside downtown dist.		Dallas County	Dallas downtown dist.	Outside downtown dist.
<b>Retail stores, total</b>										
1948	5,946	584	5,362	\$845,633	\$189,638	\$656,995	26.2	\$109,000	\$280,000	\$ 89,300
1953	7,106	585	6,521	924,943	170,585	754,358	18.4	130,000	291,600	115,700
% change	+20	-	+22	+43	+1	+97		+19	+1	+30
<b>Food group</b>										
1948	1,308	23	1,285	124,064	1,712	122,352	1.4	94,800	74,400	95,200
1953	1,328	10	1,318	187,352	915	186,437	0.5	141,100	91,500	141,500
% change	+2	-87	+3	+51	-47	+52		+49	+23	+49
<b>Eating and drinking places</b>										
1948	1,448	177	1,271	47,779	11,129	36,650	23.3	33,000	62,900	28,800
1953	1,709	201	1,508	60,136	12,637	47,499	18.3	40,800	83,000	37,400
% change	+18	+14	+19	+45	+14	+54		+23	-	+30
<b>Department stores</b>										
1948	10	6	4	-	74,780	-	-	-	12,463,000	-
1953	11	6	5	112,643	70,982	35,661	68.2	10,259,000	12,830,000	7,172,000
% change	+10	0	+25	-	-3	-		-	+3	-
<b>Dry goods, general mds., stores</b>										
1948	76	4	72	-	496	-	-	-	134,000	-
1953	107	5	102	13,997	339	13,658	2.4	130,800	97,800	133,900
% change	+41	+25	+42	-	-32	-		-	-40	-
<b>Variety stores</b>										
1948	123	5	118	11,860	6,698	5,162	56.5	96,400	1,339,600	43,700
1953	119	5	114	13,945	6,827	7,118	47.5	117,200	1,335,400	64,200
% change	-3	0	-3	+18	-1	+42		+22	-1	+47
<b>Apparel group</b>										
1948	337	135	202	49,463	39,475	9,987	79.8	146,800	292,400	49,400
1953	440	127	313	62,609	37,604	25,005	60.1	142,300	294,100	79,900
% change	+31	-6	+55	+27	-5	+150		-3	+1	+62
<b>Furniture, furnishings, appliance grp.</b>										
1948	305	22	283	31,110	7,866	23,224	25.3	102,000	358,500	82,100
1953	391	31	360	41,110	7,551	33,559	16.4	105,100	243,600	93,300
% change	+28	+41	+27	+32	-4	+45		+3	-32	-14
<b>Lumber, building, hardware grp.</b>										
1948	280	8	252	47,254	1,200	46,054	2.5	181,700	150,000	182,800
1953	378	13	365	64,217	1,718	62,499	2.7	166,900	132,200	171,200
% change	+45	+63	+45	+36	+43	+36		-6	-12	-6
<b>Drug and proprietary stores</b>										
1948	221	19	202	23,908	4,569	19,339	19.1	108,100	240,500	95,700
1953	250	20	230	34,584	4,976	29,608	14.4	138,300	248,800	128,700
% change	+13	+5	+14	+45	+9	+53		+28	+3	+34
<b>Liquor stores</b>										
1948	298	44	254	19,507	4,290	15,217	22.0	65,500	97,500	59,800
1953	280	28	252	28,407	3,310	25,097	11.7	101,500	116,200	84,600
% change	-6	-36	-1	+46	-23	+65		+35	+21	+66
<b>Jewelry stores</b>										
1948	64	30	34	9,329	8,187	1,142	87.8	145,800	272,900	35,800
1953	84	30	54	10,661	8,476	2,185	79.5	126,900	252,500	46,500
% change	+31	0	+59	+14	+4	+91		-13	+4	+21

\*Less than 0.5%.

It is rather surprising to note that the average sales volume per store in the downtown district remained approximately the same in 1953 as it was in 1948. As might be expected, per-store sales outside the downtown district jumped during this period by 30%. It is impossible to determine from the Census whether the average increased sales volume per store outside the central business district resulted from an increased volume by established merchants or was a result of the appearance on the scene of a number of new, high-volume units. Either way the growth has obviously bypassed the downtown district.

Studying the data on the total number of stores indicates that the downtown district remained virtually unchanged during the 5-year period from 1948 to 1953, while there was a 22% growth in retail outlets outside the downtown district. Of interest is the tremendous growth in the number of dry goods and general merchandise stores outside the downtown district, an increase of 42%. Apparel and jewelry stores outside the downtown district increased by 55% and 59%, respectively. The growth in lumber and furniture stores, on the other hand, is to be expected in view of the postwar building boom and has undoubtedly been experienced by most cities. It is the shops in these categories that at one time would have been found almost exclusively in the central business district.

It is unfortunate that dollar volume figures are not shown for department store sales outside the downtown district for the year 1948. The multifloored department store, now considered by many to be old-fashioned, constitutes the last buttress of the central business district. The big-store atmosphere and greater selection of merchandise still influence many housewives to buck the traffic and parking problems in order to shop "downtown."

According to the Federal Reserve Bank of Dallas, department store sales in the city of Dallas increased 12% from 1948 to 1953. Working from this base, the indicated increase in sales of department stores outside the central business district from 1948 to 1953 would be 38%. This is a somewhat lower figure than might have been expected in the light of the growth in the jewelry and apparel categories.

Of greater interest perhaps is the fact that, on the basis of these figures, the downtown department stores now garner 68% of the area's department store sales, whereas in 1948 they enjoyed 75% of this trade. From this it appears that the downtown department store group suffered only a 10% loss in position as compared with a 30% drop in the share of total area business handled by all downtown retailers. Should this prove to be a typical situation, it would indicate that the department stores haven't as great a need for branch outlets as some of those merchants handling more specialized lines.

There will no doubt be some question in the reader's mind as to how applicable this information is to cities other than Dallas, Texas. Until data covering the 1954 retail trade census is made available, it is, of course, impossible to state whether or not this situation prevails elsewhere. It is worthwhile to point out

that the 1948 sales-per-store average for all retail stores in the categories shown in the Dallas Metropolitan Area is very close to that of all cities in this population group (250,000 to 500,000). Per-store sales in Dallas in 1948 amounted to \$109,000, as compared with an average of \$110,800 for all cities in this population class. At the time of the 1948 census, Dallas ranked 24th among the 147 standard metropolitan areas defined at that time, and 21st in total retail sales, placing it 6th in the amount of per-capita sales. This would appear to substantiate some of the fabulous things we have been hearing about the great State of Texas, and indicate, too, that perhaps Dallas is not what might be described as the "typical" city.

To date, however, this is the only information of its type available and it should prove of some value, particularly in the field of store location analysis. In making store location studies, our organization has expended a great deal of research in the field of estimating the potential purchasing power for various types of merchandise by trade areas. This information is, of course, invaluable in constructing the probable specific sales volume of a prospective outlet. Heretofore, however, it has been difficult to determine what portion of the potential purchasing power for a given type of merchandise can be expected to go to the downtown district, in spite of the existence of more accessible competing sub-center developments. The information contained in this survey goes a long way toward answering this question.

As soon as the results of the 1954 retail trade census are released, we will publish similar analyses on all of those cities for which this information is made available.